

UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
COLUMBIA DIVISION

OWNERS INSURANCE COMPANY,)	C.A. NO.: 3:24-cv-06500-MGL
)	
Plaintiff,)	
)	
vs.)	
)	COMPLAINT
ADALEASE PROPERTY MANAGEMENT, INC.,)	(non-jury)
JOHN LATIMER, PROMENADE AT SANDHILL)	
CONDOMINIUM ASSOCIATION, INC., and)	
NORTH BAY TRUST COMPANY,)	
)	
Defendants.)	
)	

COMES NOW, the Plaintiff above named, Owners Insurance Company (“Owners”),
complaining of the Defendants above named, alleges and states that:

Introduction, Jurisdiction, & Parties

1. Owners is a corporation organized and existing under the laws of the State of Ohio qualified to do business in South Carolina, which was, at all times referred to herein, having its principal place of business in the state of Michigan.

2. Defendant Adalease Property Management, Inc. (“Adalease”), is a corporation organized and existing under the laws of the State of South Carolina with its principal place of business in Dorchester County, South Carolina.

3. Defendant John Latimer (“Latimer”) is a citizen and resident of South Carolina.

4. Upon information and belief, Defendant Promenade at Sandhill Condominium Association, Inc., (“Promenade”) is a citizen and resident of South Carolina.

5. Defendant, North Bay Trust Company (“North”) is a citizen and residents of Florida and owns property and does business in South Carolina.

6. No affirmative relief is sought from or against Defendants Latimer, Promenade, or North at this time. These entities and/or individuals are being joined in this action by virtue of the fact they may have an interest in the outcome of this litigation. If they do not, Owners will agree to dismiss them from this suit, but they will be bound by the outcome of the litigation.

7. Upon information and belief, this Court has both personal and subject matter jurisdiction over this matter and venue is proper in the Charleston Division of the United States District Court for the District of South Carolina pursuant to 28 U.S.C. § 1332 as the action is between citizens of different states and the amount in controversy is in excess of \$75,000, exclusive of costs and interest. Upon information and belief, an actual case and controversy exists regarding the interpretation of an insurance policy sold by Owners to Adalease for which benefits are sought arising out of a claim for personal injuries by Latimer which occurred at property located at 486 Town Cener Place – Columbia, SC 29229 (hereinafter “the Property”).

8. This action is brought pursuant to the Federal Declaratory Judgment Act, codified at 28 U.S.C. § 2201 (Supp. 2002) and seeks a declaration that the commercial general liability (“CGL”) policy issued by Owners to Adalease does not provide liability insurance coverage in the underlying lawsuits between the Defendants.

The Policy

9. Owners issued a Business Owners Insurance Policy to “Adalease Property Management,” policy number 48-144-933-00 (hereinafter referred to as the “Policy”) that was in effect from March 19, 2022, until March 19, 2023. (A copy of the Policy is attached as Exhibit A and incorporated herein by reference). The policy was issued, formed, and delivered in South Carolina. The Policy provides for a per occurrence limit of \$1,000,000 and a general aggregate limit of \$2,000,000.

10. The Policy issued to Adalease contains an endorsement which states:

LIMITATION OF REAL ESTATE OPERATION ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS POLICY

It is agreed that with respect to any real estate operation, the insurance provided under the Businessowners Liability Coverage Form applies only to “bodily injury”, “property damage”, “personal injury” and “advertising injury” arising out of:

1. That part of a premises used by you for general office purposes; and
2. a premises:
 - a. which you do not own, operate, rent or manage;
 - b. which is not in your care, custody or control; or
 - c. for which you do not act as an agent for rent collection or in a supervisory capacity;

if such premises is listed with you for sale or rental.

All other terms and conditions of the policy apply.

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Factual Allegations

11. Adalease is the property manager for Promenade. Latimer is a resident at Promenade.

12. Promenade is a condominium/multi-unit housing project.

12. On September 2, 2022, Latimer alleges he was sitting on his balcony at the Property when the balcony above him collapsed, allegedly causing him personal injury.

13. As a result of the collapse, Latimer brought a lawsuit against North, Promenade, and Adalease, alleging, among other things, that they were negligent in maintaining the Property which led to the balcony collapse.

14. Latimer filed his lawsuit in the South Carolina Court of Common pleas for the Fifth Judicial Circuit, Charleston County, captioned *John Latimer v. Promenade at Sandhill*

Condominium Association, Inc. et al., C.A. No. 2024-CP-40-02934 (“the Underlying Lawsuit”).

A copy of the Lawsuit is attached as Exhibit B.

15. Adalease, after being served with the Underlying Lawsuit requested Owners defend and indemnify it.

16. Owners has provided a defense of the Underlying Lawsuits to Adalease pursuant to a reservation of rights.

17. Owners is informed and believes that the Property is not Adalease’s general office.

18. Owners is informed and believes that Adalease has a written property management agreement with Promenade and/or North. (A copy of which is attached as Exhibit C).

19. Owners is informed and believes that the property management agreement authorizes Adalease to rent and manage the Property, as well as to collect rents and served in a supervisory capacity over the property.

20. Adalease rents the Property as as property manager of the Property.

21. The Policy explicitly excludes coverage for “bodily injury” unless it arises out of “that part of a premises used by you for general office purposes; and a premises:

- a. which you do not own, operate, rent or manage;
- b. which is not in your care, custody or control; or
- c. for which you do not act as an agent for rent collection or in a supervisory capacity;

if such premises is listed with you for sale or rental.”

22. Upon information and belief, Adalease’s work for Promenade and North implicates the endorsement which is identified in Paragraphs 10 and 21, *supra*.

23. Owners brings this action seeking a declaration from this Honorable Court that Owners is under no duty or obligation, pursuant to the Policy, to defend and/or indemnify the

Defendants for any matters relating to the Underlying Lawsuit, or any judgment arising therefrom, and that the endorsement is applicable and serves as an exclusion to coverage.

**FOR A FIRST CAUSE OF ACTION
(Declaratory Judgment Action)**

24. Owners re-alleges and re-avers the allegations contained in Paragraphs 1 through 23 as if fully set forth herein.

25. Owners is informed and believe that this Honorable Court has the power pursuant to 28 U.S.C. § 2201 to decide and determine the issues presented in this action and may enter a final judgment with respect to these issues.

26. Upon information and belief, no coverage exists under the Policy for the acts and/or omissions complained of by the claimants against the Defendants in the Underlying Lawsuits, and Owners is therefore entitled to an Order and judgment declaring that it is under no duty or obligation, pursuant to the Policy, to defend and/or indemnify the Defendants for any matter whatsoever relating to the Underlying Lawsuits, or any judgment arising therefrom.

WHEREFORE, Owners prays that this Honorable Court issue an Order declaring that it is under no obligation or duty to defend and/or indemnify the Defendants in any manner regarding the Underlying Lawsuit, or any judgment arising therefrom, and for such other and further relief as this Honorable Court may deem just and proper.

[SIGNATURE INTENTIONALLY ON FOLLOWING PAGE]

Dated this 15th day of November, 2024. WALL TEMPLETON & HALDRUP, P.A.

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